



DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration

Center for Medicaid and State Operations
Family and Children's Health Programs Group
Division of Integrated Health Systems
7500 Security Boulevard
Baltimore, MD 21244-1850

MAY 28 1999

J. Douglas Porter
Deputy Director
Medical Care Services
Department of Health Services
714/744 P Street
P. O. Box 942732
Sacramento, California 94234-7320

Dear Mr. Porter:

Thank you for your proposal, dated April 23, 1999, for a "Medicaid Demonstration Project for Family Planning, Access, Care and Treatment (PACT) Program." We are impressed with the efforts California has made in providing family planning services for low-income women in the State. As you are aware, your proposal has been undergoing review by the Department of Health and Human Services. In order to proceed with our review, however, we need clarification and resolution of the following major issues, which we discussed with your staff on May 4. Additional information is also necessary in the areas explained more fully in the enclosure.

1. Budget Neutrality and Demonstration Objectives

The budget neutrality methodology in section 1115 family planning demonstrations is based on a pre-post comparison of fertility rates. The pre-period fertility rate would reflect actual recent experience among women who would be SOBRA-eligible if they were pregnant. The fertility rate during the demonstration will reflect actual pregnancy experience of demonstration participants. The pre-period rate is calculated using the number of deliveries among Medicaid SOBRA eligibles for the numerator and the number of women within the SOBRA income band for the denominator. The denominator requires a population count based on income, which necessitates using State data sources or results of other data collections such as the Census. We would like to discuss with you the selection of a year to be used for the pre-period fertility rate for which appropriate information is available. Also, the with-waiver and without-waiver budget projections in the proposal should be revised to reflect a pre-post comparison of fertility.

The cost of the eligibility expansion for family planning services must be offset by program savings resulting from a successful demonstration intervention, which would reduce fertility rates. In order for an intervention to occur there must be a demonstrated engagement of people not currently seeking family planning services or an improvement in access to services for people who are unsuccessfully seeking services. Simply substituting demonstration funds for Title X or State-only funds will not reduce fertility rates. What program expansion and changes will occur as part of the section 1115 demonstration? The expansions and changes should be reflected in the post-period fertility rate.

2. Eligibility Determination

We are committed to working with you to reach resolution on issues regarding the PACT eligibility determination process. Currently, program eligibility is determined at the point of service, with patients applying at the provider's office using a simplified application which requires the individual's self-declaration of gross annual or monthly income, family size and other sources of family planning health care coverage, signed under penalty of perjury. Program eligibility is determined by the provider, and it is our understanding that no subsequent verification or follow-up of eligibility is done by the State. Section 1902(a)(17) of the Social Security Act (the Act) requires that while the State, through the provider, may initially use a gross income screen in determining a client's presumptive program eligibility, the provider must inform the client at the time of application that a subsequent Medicaid application must be made not later than the last day of the month following the month during which the determination is made.

In addition, while the provider may determine presumptive eligibility, Section 1902(a)(5) of the Act requires that eligibility determination activities must be performed by a State merit employee, with the exception of outstation locations. We have scheduled a call with your staff on June 3 to discuss possibilities for waivers to allow the State as much flexibility as possible in its eligibility determination process.

3. Immigrants

The current application and eligibility process does not have a mechanism for differentiating among immigrants who would not be eligible for the PACT program. The PACT program must be considered a "means-tested benefit" according to the interpretation of the term as published in the Federal Register on August 26, 1997. As such, the restrictions on coverage of immigrants that apply under the provisions of Section 403 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, as amended by the Balanced Budget Act of 1997, would apply to this program. The State has suggested a sampling technique to identify the percentage of costs attributable to illegal aliens. This amount -- 10 percent as recommended by the State -- would then be deducted from the amount claimed for Federal match. We are looking into the State's percentage proposal and will discuss this with your staff on June 3.

4. Individuals with Other Insurance

In discussions with your staff, it was noted that although the PACT program is targeted to individuals who are not eligible for Medi-Cal and have no other source of health coverage for family planning services, individuals can still be program-eligible if they have health insurance coverage that includes family planning services, should they express concerns regarding confidentiality in receiving services through their current insurer. While we understand the State's concern for assuring access to services to low-income clients, we are concerned about providing services to people who already have insurance coverage.

Please send your response, either on disk or electronically, as well as in hard copy to Kathleen Farrell, project officer. Ms. Farrell's Internet address is Kfarrell@HCFA.GOV. Her mailing address is:

Division of Integrated Health Systems
Health Care Financing Administration
Mail Stop S2-01-16
7500 Security Boulevard
Baltimore, Maryland 21244-1850

We appreciate the efforts of your staff and are committed to continuing to review your proposal in an expeditious manner. If you have any questions or concerns regarding the matters raised in this letter, please contact Ms. Farrell at (410) 786-1236.

Sincerely,

Mike Fiore
Acting Director

Enclosure

cc: Richard Chambers, Division of Medicaid
San Francisco Regional Office

ENCLOSURE

CALIFORNIA PACT REQUEST FOR ADDITIONAL INFORMATION

Evaluation

Although the proposal states that an evaluation will be conducted under contract with the University of California, a more detailed evaluation plan is needed. What type of evaluation/assessment work is already being conducted on the impact of the PACT program? Is there any preliminary information available? What hypotheses are being investigated?

The proposal states that an evaluation objective is to measure the impact of Family PACT on reducing unintended pregnancies. How will the evaluation account for/distinguish Family PACT's success versus Medi-Cal family planning services if clients may be on/off both programs? What will be measured in the beneficiary and provider surveys?

Target Population

How are individuals expected to roll in or out of the program over its 5-year project period? One of the stated objectives of the Family PACT program is to increase the use of effective contraceptive methods by clients receiving publicly funded family planning services. What information is available on the service and contraceptive utilization patterns of clients currently enrolled in the PACT program? One of the unique aspects of this project is the inclusion of men for family planning services. What data is available on the service utilization patterns for male clients? Must a male client be the partner of a potentially SOBRA-eligible female in order to be enrolled in this program?

Figure 3 on page 15 shows a cumulative number of Family PACT clients. What are the enrollment figures for each month, i.e., unduplicated count?

Please provide a detailed description of the annual renewal application process. Is there a review of a renewal application? If so, who does the review? Since a client is not restricted from receiving family planning services from one Family PACT provider, who is responsible for recertifying the client's eligibility if they are receiving services from multiple providers?

Provider Network

The proposal notes that much of the growth in the provider network under PACT has come from the private sector, with more than half the new providers being private physicians or physician groups. Yet, clinics serve 80 percent of all clients in the PACT program. Please discuss any outreach/education plans for trying to improve the level of

services that are provided in the private sector. The application notes that pediatricians comprise four percent of the provider network. Are pediatricians utilized to serve teens? How many providers participating in the 65 Title X agencies (in 200 service sites) are also Family PACT providers?

How is a client informed of available providers? What type of outreach/marketing does the State or providers conduct to potential enrollees?

Monitoring

What mechanisms has the State used to monitor the PACT program? Is there additional information available describing the monitoring process and the results of any reviews conducted of the PACT operation over the last two years? Can the state provide more information about the PACT data collection system?

Please describe the Family PACT claims processing system. Will Family PACT providers submit claims through Medi-Cal MMIS?

The application notes on page 14 that more than 600,000 clients were seen in this program statewide. As of January 1, 1999, approximately 1.2 million clients have been enrolled in the Family PACT program. How many encounters were recorded for the 600,000 clients? What is meant by the term “enrolled”?

PACT collaborates with other programs that serve a similar population. How does the State assure that there is no cost shifting across programs?

Services

The primary difference between the Medi-Cal scope of family planning services and the PACT scope of benefits is that the PACT program offers a more comprehensive approach. With the exception of additional services, such as vasectomies and reproductive health education and counseling services, Family PACT providers are reimbursed in accordance with the reimbursed rates established under the Medi-Cal program. Please describe how reimbursement is made for the additional services. Additionally, the application states that “this demonstration waiver will include claiming of emergency services, regardless of the individual’s citizenship or immigration status”. Please provide examples of emergency family planning services.

The application states that Family PACT providers will be given greater flexibility than former OFP contractors in determining the service mix for their clients, based on community standards of practice, their own current medical practice and the immediate needs of clients. Please clarify whether there a standard set of benefits every participating provider must have available. If this is the case, please describe what they are and where the discretion in service provision lies. How are clients informed of the availability of

additional program services not offered by their specific provider and referred to a different provider to get them?

Is it the State's intention that all services provided through this program, as listed on page 13, would be eligible for 90 percent Federal Financial Participation (FFP) (e.g., pap smears)? (References: 42 CFR 432.50(b)(5) states the rate of FFP for personnel administering family planning services and supplies is at 90 percent FFP. State Medicaid Manual (SMM) section 4270(A) states that Section 1903(a)(5) provides that FFP is available at the rate of 90 percent for the cost of family planning services. However, SMM section 4270(B)(2) states the 90 percent FFP is not available for hysterectomies or costs related to processes performed for medical reasons. Only items and procedures clearly provided for family planning purposes may be matched at the 90 percent rate).

Phase Out Plan

Please provide a plan for the phase-out of this demonstration project at the end of five years.

Budget

Please discuss the justification for the budget assumptions listed. What age range defines a woman "at risk for pregnancy"? What is the effect of the Healthy Families Program on enrollment projections in this program, since children up to age 19, with incomes up to 200 percent of poverty, can be covered through the Healthy Family Program? Why is a steady 6 percent projection of unintended pregnancies throughout the 5 years of the demonstration a good number to use when studies show that the rates of unintended pregnancies appear to be decreasing nationally?

Shouldn't equipment costs be \$ 11,550 rather than \$ 15, 550 (\$3,300 x 3.5 FTEs)?